

2 July 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Director, National Foreign Assessment Center

FROM : Maurice C. Ernst
Director of Economic Research

SUBJECT : 6 July 1981 NSC Meeting on East-West Economic
Relations

1. Action Requested: None; for your information only.

2. Background: My contacts in the NSC tell me that two meetings are still planned on this subject. There is a proposal, which may or may not be accepted, that each of the participants give a two-minute presentation:

-- At the first meeting, on item 1 on the agenda.

-- At the second meeting on items 2 and 3.

3. On item 1, export controls, there is likely to be rather general agreement on option 2 because it covers a very wide range of possibilities. State no doubt will assume that our allies will accept only a very limited expansion of controls.

4. The real battle is likely to be over item 3, the gas pipeline issue. Since the US has little or no unilateral control, it all depends on persuading our allies. I believe a case can be made for at least delaying agreement on the pipeline because of Poland, the soft oil market, and the prospect for enhancing Western bargaining power as the Soviets' hard currency position deteriorates in the next couple of years.


MAURICE C. ERNST

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